

PUBLIC DISCLOSURE

OCTOBER 25, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WESTERN MASSACHUSETTS TELEPHONE WORKERS' CREDIT UNION

66824

1976 MAIN STREET
SPRINGFIELD, MA 01101-3009

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **WESTERN MASSACHUSETTS TELEPHONE WORKERS' CREDIT UNION** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **OCTOBER 25, 2002**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Western Massachusetts Telephone Workers' Credit Union's overall CRA rating is based upon its performance under the five criteria contained herein. The following is a summarization of the findings, presented in descending order of weight given to each criteria, that were utilized in formulating the credit union's overall CRA rating.

Distribution of Credit among Different Income Levels

The credit union has achieved a reasonable distribution of HMDA-reportable loans to individuals of low and moderate-income, given the demographics of the credit union's assessment area. In addition, the credit union's distribution of consumer loans to low and moderate-income borrowers, based upon a sample, was considered to be adequate.

Geographic Distribution of Loans

The credit union has demonstrated a reasonable dispersion of HMDA-reportable loans and consumer loans within the low and moderate-income census tracts of its assessment area.

Comparison Of Credit Extended Inside And Outside Of The Assessment Area(s) –

The credit union has also made a good percentage of its HMDA reportable and consumer loans within its assessment area.

Loan to Deposit Ratio— The credit union has demonstrated a satisfactory net loan to deposit ratio, based on eight quarters reviewed

Review of Complaints/Fair Lending Policies and Practices –The credit union has exhibited acceptable fair lending policies and practices. No complaints have been received since the last examination.

Retail Services - At management's request, Western Massachusetts Telephone Workers' Credit Union's retail services were reviewed.

PERFORMANCE CONTEXT

DESCRIPTION OF INSTITUTION

Western Massachusetts Telephone Workers' Credit Union is a Massachusetts state-chartered credit union incorporated in 1922. Formerly serving the employees of the telephone industries of Western Massachusetts, the credit union amended its charter to become a community-based credit union in January 2001. The credit union's sole office is located at 1976 Main Street in downtown Springfield.

As of June 30, 2002, the credit union had \$232,690,000 in total assets. Of these total assets, \$145,539,000 or 62.5 percent were in the form of loans (net). The following table depicts Western Massachusetts Telephone Workers' Credit Union's loan portfolio composition based on its June 2002 National Credit Union Association (NCUA) 5300 Report.

Western Massachusetts Telephone Workers' Credit Union Loan Portfolio as of June 30, 2002	
Type of Loans	% of Total Loans
Construction & Land Development	
Residential Real Estate	
a. 1-4 Family Mortgages	72.9
b. Home Equity Lines (includes second mortgages)	6.4
Consumer Loans	
a. Credit Cards & Related Plans	3.3
b. Loans to Individuals/Other Loans	2.7
c. Vehicle Loans	14.7
Total Loans	100.0

Source: NCUA 5300 Report, 06/30/02

As indicated, overall residential lending represents the majority of the credit union's portfolio at 79.3 percent. The second largest segment of the loan portfolio is overall consumer lending at 20.7 percent.

There appears to be no legal or regulatory impediments that would effect the credit union in meeting the needs of its community. The Division of Banks conducted the previous Community Reinvestment Act (CRA) evaluation as of October 7, 1998. That examination resulted in a "Satisfactory" rating.

Parity Powers

On July 29, 2002, Western Massachusetts Telephone Workers' Credit Union received approval from the Division of Banks to engage in certain activities authorized under the "Parity with Federal Credit Union Regulations", 209 CMR 50.00. Those parity powers applied for which may affect the credit union's CRA performance are as follows:

- Increase personal loans up to \$15,000 for a maximum of 6 years;
- Increase credit cards /lines of credit up to \$25,000;
- Allow 100% automobile financing up to \$100,000 for a maximum of 12 years;
- Increase the maximum home improvement loan to \$100,000 for a term of 20 years;
- Allow manufactured home loans up to \$100,000 for a maximum of 20 years;
- Allow boat, camper, and trailer loans up to \$100,000 for a maximum of 20 years;
- Allow first lien residential mortgage loans up to \$500,000 for a maximum of 40 years; and
- Increase the loan-to-value on residential first mortgage loans to 95%.

DESCRIPTION OF ASSESSMENT AREA

Demographic and Economic Data

The Massachusetts CRA regulation, 209 CMR 46.00 requires a financial institution to identify an assessment area in which it intends to focus its lending efforts. Because it is now a community-based credit union, Western Massachusetts Telephone Workers' Credit Union has designated the cities and towns located in Berkshire, Franklin, Hampden, and Hampshire counties as its assessment area.

These counties fall within the Springfield, Pittsfield, and Worcester MSA's, as well as the non-Metropolitan Statistical Areas (MSA). The following presents the credit union's assessment area by MSA. Also included are the HUD estimated Median Family Incomes for the respective MSA's.

Assessment Area by Metropolitan Statistical Area (MSA)											
Springfield MSA			Pittsfield MSA			Non-MSA			Worcester MSA		
Agawam, Amherst, Belchertown, Blandford, Bondsville, Chester, Chesterfield, Chicopee, Easthampton, East Longmeadow, Goshen, Granby, Granville, Hadley, Hampden, Hatfield, Holyoke, Huntington, Longmeadow, Ludlow, Monson, Montgomery, North Amherst, Northampton, Palmer, Russell, South Amherst, South Hadley, Southampton, Southwick, Springfield, Sunderland, Three Rivers, Tolland, Ware, Westfield, Westhampton, West Springfield, Whately, Wilbraham, and Williamsburg.			Adams, Cheshire, Dalton, Glendale, Lanesboro, Lee, Lenox, Pittsfield, and Stockbridge.			Alford, Ashfield, Ashley Falls, Becket, Bernardston, Buckland, Charlemont, Clarksburg, Colrain, Conway, Cummington, Deerfield, North and South Egremont, Erving, Florida, Gill, Great Barrington, Greenfield, Hawley, Heath, Housatonic, Hancock, Hinsdale, Leverett, Leyden, Middlefield, Millers Falls, Mill River, Monroe, Montague, Monterey, Mount Washington, New Ashford, New Marlborough, New Salem, North Adams, Northfield, Orange, Otis, Pelham, Peru, Plainfield, Richmond, Rowe, Sandisfield, Savoy, Sheffield, Shelburne, Shelburne Falls, Shutesbury, South Deerfield, Turners Falls, Tyringham, Warwick, Washington, Wendell, West Stockbridge, Williamstown, Windsor, and Worthington.			Brimfield, Holland, and Wales.		
Median Family Incomes (\$)											
Springfield MSA			Pittsfield MSA			Non-MSA			Worcester MSA		
2000	2001	2002	2000	2001	2002	2000	2001	2002	2000	2001	2002
47,500	49,700	50,700	47,500	49,600	50,400	48,000	50,500	52,100	54,400	57,000	58,400

*Source: PCI Services, Inc., CRA Wiz Software.

Western Massachusetts Telephone Workers' Credit Union's assessment area contains one hundred seventy-one census tracts. Of those tracts, 16 are low income, 21 are moderate-income, 99 are middle-income, 29 are upper-income, and 6 have no income designation. The following table reflects selected housing characteristics, based upon 1990 census data, for each of the census tract income groupings in Western Massachusetts Telephone Workers' Credit Union's assessment area.

Selected Housing Characteristics by Income Category of the Geography							
Geographic Income Category	Percentage						Median Home Value (\$)
	Census Tracts	Households	Housing Units	Owner-Occupied	Rental Units	Vacant Units	
Low	9.4	6.6	6.6	1.2	15.2	7.1	88,215
Moderate	12.3	11.8	11.6	6.9	19.6	10.0	93,966
Middle	57.9	65.7	66.5	70.3	58.5	74.3	119,427
Upper	16.9	15.9	15.3	21.6	6.7	8.6	157,283
NA	3.5	0.0	0.0	0.0	0.0	0.0	0
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	120,217

Source: U.S. Census

Description of Aggregate Data Utilized/Lending Activity

Aggregate data, for HMDA reportable lending performance purposes only, constitutes 377 (both large and small) mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions, which have originated and/or purchased at least one residential mortgage and/or home improvement loan within the credit union's assessment area (source: PCI Services, Inc., CRA Wiz). The total number of originations/purchases received by these lenders in calendar year 2000 was 20,199. The top five lenders (in descending order) within Western Massachusetts Telephone Workers' Credit Union's assessment area in 2000 were: Sovereign Bank, 1,840 loans/9.1 percent share; Fleet National Bank, 1,168 loans/5.8 percent share; First Massachusetts Bank, NA, 853 loans/4.2 percent share; Countrywide Home Loans, 745 loans/3.7 percent share; and Citimortgage, Inc., 673 loans/3.3 percent share. Western Massachusetts Telephone Workers' Credit Union ranked 43rd with 104 loans and a 0.5 percent share.

In 2001, the credit union's market share improved despite an increase in the number of competing lenders in the aggregate data. The total number of originations/purchases received by the aggregate lenders in calendar year 2001 was 30,565. The top five lenders (in descending order) within Western Massachusetts Telephone Workers' Credit Union's assessment area in 2001 were: Fleet National Bank, 1,798 loans/5.9 percent share; First

Massachusetts Bank, NA, 1,454 loans/4.8 percent share; Countrywide Home Loans, 1,227 loans/4.0 percent share; Wells Fargo Home Mortgage, 1,212 loans/3.9 percent share, and Citimortgage, Inc., 1,121 loans/3.7 percent share. Western Massachusetts Telephone Workers' Credit Union ranked 25th with 291 loans and a 1.0 percent share.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Based upon the following, Western Massachusetts Telephone Workers' Credit Union's net loan to total deposit ratio appears to be reasonable and, as such, is rated " Meets Standards for Satisfactory Performance".

An analysis of Western Massachusetts Telephone Workers' Credit Union's total loan to total deposit ratios was performed. The calculation incorporated eight quarters of the credit union's total loan to total deposit figures as reflected in its quarterly NCUA 5300 Reports. The quarters reviewed included the periods from September 2000 through June 2002. The credit union's net loan to deposit ratio, on average, was 75.4 percent. This ratio has fluctuated from a low of 72.1 percent in March 2001, to a high of 78.5 percent in December 2001.

The following illustrates Western Massachusetts Telephone Workers' Credit Union's total loan to deposit trends.

Western Massachusetts Telephone Workers' Credit Union's Loan to Deposit Ratios*	
Dates	Ratio (%)
September 30, 2000	72.5
December 31, 2000	76.0
March 31, 2001	72.1
June 30, 2001	75.9
September 30, 2001	77.8
December 31, 2001	78.5
March 31, 2002	75.2
June 30, 2002	75.4

* Source: NCUA 5300 Reports.

Over the period reflected in the table, Western Massachusetts Telephone Workers' Credit Union's total loan portfolio increased by 20.6 percent while deposits grew by 16.0 percent. From June 30, 2001 through June 30, 2002, the credit union's loan portfolio increased by 10.7 percent, while deposits grew by 11.5 percent.

A comparison of Western Massachusetts Telephone Workers' Credit Union's loan to deposit ratio to that of area financial institutions was also performed. As of June 30, 2002, Western

Massachusetts Telephone Workers' Credit Union had total assets of \$232,690,000 and a net loan to deposit ratio of 75.4 percent. The loans to deposit ratios of area credit unions are reflected in the following table. These credit unions range in asset size from \$40 million to \$292 million. The data presented is as of June 30, 2002.

COMPARATIVE LOAN TO DEPOSIT RATIOS*		
Institution	Total Assets \$(000)	Loan to Deposit Ratios (%)
Aldenville Credit Union	81,142	77.9
Chicopee Municipal Employees Credit Union	39,551	21.4
Holyoke Credit Union	58,437	75.7
Polish National Credit Union	292,169	45.3
Springfield Massachusetts Municipal Employees Credit Union	55,689	63.1
Springfield Teachers Credit Union	92,117	45.5
Western Massachusetts Telephone Workers' Credit Union	232,690	75.4

*As of June 30, 2002.

Based on the aforementioned analysis, Western Massachusetts Telephone Workers' Credit Union has achieved a reasonable loan to deposit level given its capacity to lend and the credit needs of its assessment area.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon the following data, Western Massachusetts Telephone Workers' Credit Union's percentage of lending activity within its assessment area is considered to be adequate. Consequently, this performance meets the standards for satisfactory performance.

HMDA Reportable Lending

An analysis of Home Mortgage Disclosure Act (HMDA) reportable lending extended both inside and outside Western Massachusetts Telephone Workers' Credit Union's assessment area for the period under review was performed. For the purposes herein, the period under review for HMDA reportable lending constitutes calendar years 2000 and 2001 as well as an interim period through June 30, 2002. A HMDA reportable loan is defined as home purchase loans (including originations, purchases, and refinances) as well as home improvement loans.

The following table illustrates Western Massachusetts Telephone Workers' Credit Union's level of HMDA reportable lending both inside and outside its assessment area.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	104	76.5	8,934	75.0	32	23.5	2,980	25.0	136	100	11,914	100
2001	291	80.8	30,425	78.1	69	19.2	8,514	21.9	360	100	38,939	100
2002 *	107	80.5	11,818	79.4	26	19.5	3,075	20.6	133	100	14,893	100
Total	502	79.8	51,177	77.8	127	20.2	14,569	22.2	629	100	65,746	100

Source: HMDA LAR, CRA Wiz

* Through June 30, 2002

As indicated, Western Massachusetts Telephone Workers' Credit Union granted a majority of the number and dollar volume of its HMDA reportable loans to those communities within its assessment area.

The City of Springfield accounted for the most HMDA reportable lending. For calendar year 2000, the credit union granted 18 loans (13.2 percent) for \$925,000 (7.8 percent) in Springfield. For calendar year 2001, the credit union granted 65 loans (18.1 percent) for \$5,305,000 (13.6 percent) in the city, and year to date the credit union granted 17 loans (12.8 percent) for \$1,112,000 (7.5 percent) in Springfield.

Therefore, given the size and the resources available to Western Massachusetts Telephone Workers' Credit Union, the level of HMDA reportable lending within its assessment area is considered reasonable.

Consumer Lending

Western Massachusetts Telephone Workers' Credit Union is an active consumer lender. The institution offers a variety of consumer loans including unsecured personal loans, new and used auto loans, share-secured loans, education loans, and VISA credit card loans.

An analysis of a sample of consumer lending extended both inside and outside Western Massachusetts Telephone Workers' Credit Union's assessment area for the period under review was performed. For the purposes herein, the period under review for consumer lending constitutes calendar years 2000 and 2001, as well as an interim period through June 30, 2002. For the period reviewed, the credit union originated (in total) 4,483 consumer loans totaling \$37,653,621. The largest segment of the credit union consumer portfolio is new and used automobile loans. For the period, the credit union originated 2,218 vehicle loans totaling

\$28,883,730. It is this segment of the portfolio that was chosen for the random sample. For the sample, 150 loan files were reviewed that incorporated \$1,962,000 in new and used automobile loans.

The following table illustrates Western Massachusetts Telephone Workers' Credit Union level of consumer lending both inside and outside its assessment area based upon the sample.

Distribution of Consumer Lending Inside and Outside of the Assessment Area												
Year	Inside				Outside				Total			
	Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)		Number of Loans		Dollar Volume (000)	
	#	%	\$	%	#	%	\$	%	#	%	\$	%
2000	34	69.4	407	66.8	15	30.6	202	33.2	49	100	609	100
2001	43	84.3	598	84.3	8	15.7	111	15.7	51	100	709	100
2002*	43	86.0	539	83.6	7	14.0	105	16.4	50	100	644	100
Total	120	80.0	1,544	78.7	30	20.0	418	21.3	150	100	1,962	100

Source: Consumer loan files.

*Through June 30, 2002.

As indicated from the sample, the credit union originated overall 120 loans or 80.0 percent inside its assessment area, 30 loans or 20.0 percent outside its assessment area for a total of 150 consumer loans captured within the sampling. By dollar volume, the credit union originated \$1,544,000 or 78.7 percent inside, and \$418,000 or 21.3 percent outside, for a total of \$1,962,000 in consumer loans captured within the sampling.

Based upon the sample, Western Massachusetts Telephone Workers' Credit Union's consumer lending performance in its assessment area is considered to be satisfactory.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

Based upon the subsequent analysis, Western Massachusetts Telephone Workers' Credit Union's distribution of HMDA-reportable and consumer lending within its assessment area to borrowers of different incomes is considered to be average. Therefore, this performance is considered to meet the standards for satisfactory performance.

HMDA Reportable Lending

An analysis of HMDA reportable lending extended within Western Massachusetts Telephone Workers' Credit Union's assessment area among various borrower income levels for the

period under review was performed. Originations were categorized by the ratio of the applicant's reported income to the 2000, 2001, and 2002 estimated median family income of the appropriate MSA (refer to the Performance Context Section).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA; moderate income is defined as 50 to 79 percent of the median family income; middle income is defined as income between 80 and 119 percent of the median family income; and upper income is defined as income greater than 120 percent of the median family income.

Of the households within Western Massachusetts Telephone Workers Credit Union's assessment area, 25.1 percent are considered to be low-income, 15.1 percent are moderate-income, 19.7 percent are middle-income, and 40.1 percent are upper-income.

The following analysis also includes 2000 and 2001 aggregate data (exclusive of Western Massachusetts Telephone Workers' Credit Union) of HMDA reportable lending by percentage.

Refer to the following.

Distribution of HMDA Loans by Borrower Income										
Median Family Income Level	Agg. Data (% of #) 2000	2000		Agg. Data (% of #) 2001	2001		2002*		Total	
		#	%		#	%	#	%	#	%
Low	4.9	1	1.0	3.9	5	1.7	0	0.0	6	1.2
Moderate	18.0	12	11.5	15.9	36	12.4	16	15.0	64	12.8
Middle	24.5	34	32.7	25.0	74	25.4	30	28.0	138	27.5
Upper	33.9	57	54.8	41.6	176	60.5	61	57.0	294	58.5
NA	18.7	0	0.0	13.6	0	0.0	0	0.0	0	0.0
Total	100	104	100	100	291	100	107	100	502	100

Source: HMDA LAR, HMDA Aggregate Data

*Through June 30, 2002

Included in the low-income category are 34,020 households within the credit union's assessment area whose income is considered to be below poverty level, and thus, unlikely to qualify for a HMDA reportable loan. If that category were adjusted to reflect this fact, the number of low-income family households within the credit union's assessment area would be decreased from 75,631 to 41,611 or 15.6 percent.

It should be noted that those originations designated as not applicable loans are either:

- The borrowers' income was not taken into account when granting the loan;
- The borrower is an employee; or
- The loan was purchased.

As the above table indicates, 1.2 percent of all loans were made to low-income borrowers who represent 4.9 percent of all households within the assessment area. The credit union also made 12.8 percent of its loans to moderate-income borrowers, which is well below their representation at 18.0 percent of all households

By dollar volume in 2000, Western Massachusetts Telephone Workers' Credit Union originated 0.1 percent of its HMDA reportable loans to low-income borrowers, 7.0 percent to moderate-income borrowers, 28.2 percent to middle-income borrowers, and 64.7 percent to upper-income borrowers. In contrast, the 2000 aggregate data by dollar volume was 2.6 percent to low-income borrowers, 13.0 percent to moderate-income borrowers, 21.9 percent to borrowers of middle-income, 46.3 percent to upper-income borrowers, and 16.2 percent to borrowers that had no income designation.

By dollar volume in 2001, Western Massachusetts Telephone Workers' Credit Union originated 1.0 percent of its HMDA- reportable loans to low-income borrowers, 8.9 percent to moderate-income borrowers, 23.1 percent to middle-income borrowers, and 67.0 percent to upper-income borrowers. The 2001 aggregate data by dollar volume was 1.9 percent to low-income borrowers, 10.4 percent to moderate-income borrowers, 20.3 percent to borrowers of middle-income, 48.9 percent to upper-income borrowers, and 18.5 percent to borrowers that had no income designation.

The interim 2002 HMDA reportable lending by dollar volume was 0.0 percent to low-income borrowers, 10.3 percent to moderate-income borrowers, 29.0 percent to borrowers of middle-income, and 60.7 percent to upper-income borrowers.

As indicated in the table, Western Massachusetts Telephone Workers' Credit Union' percentage of lending to low and moderate-income borrowers is below that of aggregate in both 2000 and 2001. The credit union's percentage of lending to borrowers of low- and moderate-income suggested an improving trend in 2001; however, the year to date data indicates a marked decline, with no loans originated to borrowers of low-income.

Given the fact that the interim period reflects only six months of lending activity and given the adequate performance on the part of the credit union in 2000 and 2001, Western Mass. Telephone Workers Credit Union's HMDA reportable lending to borrowers of different income levels is considered reasonable.

Consumer Lending

An analysis of Western Massachusetts Telephone Workers' Credit Union's consumer lending by borrower income was also performed. In this instance, originations were categorized by the ratio of the applicant's reported income to the 2000, 2001, and 2002 estimated median family incomes of the Springfield MSA (refer to the Performance Context Section). Refer to the following.

Distribution of Consumer Loans by Borrower Income								
Median Family Income Level	2000		2001		2002*		Total	
	#	%	#	%	#	%	#	%
Low	2	5.9	4	9.3	4	9.3	10	8.3
Moderate	7	20.6	8	18.6	17	39.5	32	26.7
Middle	9	26.5	14	32.6	9	21.0	32	26.7
Upper	16	47.0	17	39.5	12	27.9	45	37.5
NA	0	0.0	0	0.0	1	2.3	1	0.8
Total	34	100	43	100	43	100	120	100

Source: Consumer loan files.

*Through June 30, 2002.

In total, the credit union granted 8.3 percent of the sample of loans to low-income borrowers and 26.7 percent to moderate-income borrowers.

By dollar volume, Western Massachusetts Telephone Workers' Credit Union granted 7.7 percent of the sample to low-income borrowers and 18.0 percent to moderate-income borrowers in 2000. In 2001, the sample reflected 7.1 percent and 13.3 percent to low and moderate-income borrowers, respectively. The interim 2002 sample indicated 8.4 percent to low-income and 35.1 percent to moderate-income borrowers.

Based upon the sampling, the combined number of consumer loans granted to low and moderate-income borrowers was 42 loans, or 35.0 percent of the 120 total consumer loans in the sample. It is recognized that consumer loans are generally granted to single applicants. Therefore, the percentage of originations occurring in low and moderate-income levels is somewhat higher since incomes were compared to median family income. However, Western Massachusetts Telephone Workers' Credit Union's penetration of its consumer lending to borrowers of low and moderate-income is considered to be reasonable.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The following analysis indicates that Western Massachusetts Telephone Workers' Credit Union appears to have achieved an adequate dispersion of its HMDA reportable- and consumer loans in the low and moderate-income census tracts within its assessment area. Therefore, performance in this category was determined to meet the standards for satisfactory performance.

HMDA Reportable Lending

An analysis of HMDA-reportable loans extended in the various census tracts contained within Western Massachusetts Telephone Workers' Credit Union's assessment area was conducted. The following table presents the credit union's performance as well as the 2000

and 2001 aggregate data (exclusive of Western Massachusetts Telephone Workers' Credit Union) of HMDA reportable lending by percentage.

To reiterate, Western Massachusetts Telephone Workers' Credit Union's assessment area contains one hundred seventy-one census tracts. Of those tracts, 9.4 percent are low-income, 12.3 percent are moderate-income, 57.9 percent are middle-income, 16.9 percent are upper-income, and 3.5 percent have no income designation. In addition, 1990 demographic data for the credit union's assessment area indicated that 1.2 percent of the owner-occupied housing was in low-income census tracts, 6.9 percent was in moderate-income tracts, 70.3 percent was in middle-income tracts, and 21.6 percent was in upper-income census tracts.

Refer to the following.

Distribution of HMDA Loans by Income Category of the Census Tract										
Census Tracts	Agg. Data (% of #) 2000	2000		Agg. Data (% of #) 2001	2001		2002*		Total	
		#	%		#	%	#	%	#	%
Low	2.7	1	1.0	1.7	4	1.4	0	0.0	5	1.0
Moderate	8.3	0	0.0	6.4	7	2.4	7	6.5	14	2.8
Middle	69.3	60	57.7	68.6	157	53.9	56	52.3	273	54.4
Upper	19.6	43	41.3	23.1	123	42.3	44	41.2	210	41.8
NA	0.1	0	0.0	0.2	0	0.0	0	0.0	0	0.0
Total	100	104	100	100	291	100	107	100	502	100

Source: HMDA LAR, HMDA Aggregate Data

*Through June 30, 2002

By dollar volume in 2000, Western Massachusetts Telephone Workers' Credit Union originated 0.7 percent of its HMDA reportable loans in low-income census tracts, 48.4 percent in middle-income tracts, and 50.9 percent in upper-income census tracts within its assessment area. The 2000 aggregate data by dollar volume was 1.8 percent in low-income census tracts, 6.2 percent in moderate-income census tracts, 66.0 percent in middle-income census tracts, 25.8 percent in upper-income census tracts, and 0.2 percent in the census tracts with no income designation.

In 2001, the dollar volume originated was 0.9 percent in low-income census tracts, 2.2 percent in moderate-income census tracts, 47.5 percent in middle-income tracts, and 49.4 percent in upper-income census tracts. The 2001 aggregate data by dollar volume was 1.0 percent in low-income census tracts, 7.0 percent in moderate-income tracts, 64.3 percent in middle-income census tracts, 27.5 percent in upper-income census tracts, and 0.2 percent in census tracts with no income designation.

For the interim 2002, the dollar volume was 3.1 percent moderate-income, 54.2 percent middle, and 42.7 percent upper-income census tracts. There was no lending in the low-income census tracts in the interim period.

As indicated in the table, Western Massachusetts Telephone Workers' Credit Union's percentage of lending to low and moderate-income census tracts is below that of aggregate in both 2000 and 2001 however, an improving trend is noted. Although the interim period reflects continued improvement in the moderate-income census tracts, there were no loans originated in the low-income tracts.

As discussed in the Performance Context of this Public Evaluation, the low-income census tracts within the credit union's assessment area constitute only 9.4 percent of all census tracts and contains only 1.2 percent of owner-occupied housing. The same is true for the moderate-income census tracts representing only 12.3 percent of all census tracts and containing only 6.9 percent of owner-occupied housing. The lack of available housing in the low and moderate tracts is further illustrated by the low percentage of lending to these census tracts by the aggregate.

Therefore, given the demographics of the assessment area and the lack of owner-occupied housing within the low and moderate-income census tracts Western Massachusetts Telephone Workers' Credit Union's geographic distribution of its HMDA reportable lending is considered adequate.

Consumer Lending

An analysis of Western Massachusetts Telephone Workers' Credit Union's consumer lending by census tract was also performed. Refer to the following.

Distribution of Consumer Loans by Income Category of the Census Tract								
Census Tract	2000		2001		2002*		Total	
	#	%	#	%	#	%	#	%
Low	1	2.9	0	0.0	2	4.7	3	2.5
Moderate	2	5.9	5	11.6	2	4.7	9	7.5
Middle	23	67.7	20	46.6	24	55.7	67	55.8
Upper	8	23.5	18	41.8	15	34.9	41	34.2
Total	34	100	43	100	43	100	120	100

Source: Consumer loan files.

*Through June 30, 2002.

In total, the credit union granted 2.5 percent of the sample in low-income census tracts and 7.5 percent in moderate-income census tracts in the credit union's assessment area.

By dollar volume, Western Massachusetts Telephone Workers' Credit Union granted 2.1 percent of the sample in low-income census tracts and 5.1 percent in moderate-income census tracts in 2000. In 2001, the sample indicated 10.7 percent in moderate-income census tracts. The interim 2002 sample reflected 3.4 percent in low-income and 5.1 percent in moderate-income census tracts.

In conclusion, Western Massachusetts Telephone Workers' Credit Union's dispersion of consumer loans in low and moderate-income census tracts within its assessment area is considered to be satisfactory

5. REVIEW OF COMPLAINTS/FAIR LENDING POLICIES AND PRACTICES

Western Massachusetts Telephone Workers' Credit Union received no CRA- related complaints for the period under review. The credit union has a satisfactory record of implementing fair lending policies and practices. The following discussion is based on the guidelines of the Division of Banks' Regulatory Bulletin 2-3-101.

Currently, the credit union has 39 full-time and 2 part-time employees. Among the institution's staff, there are 7 employees who are members of a minority group and there are employees who are bilingual in Spanish and Portuguese.

Western Massachusetts Telephone Workers' Credit Union is a member of the Massachusetts Credit Union League, Inc. and sends staff to attend seminars on appropriate issues. In addition, the credit union participates in CUES Online University, an on-line service that provides training on a number of topics including Fair Lending and Compliance issues. This training is available to all employees.

The credit union employs a second review practice for all applications considered for denial. The applications are reviewed by the credit union's Credit Committee to ensure that all financing options have been explored. The credit union continues to refer members who need credit assistance to the Springfield office of Consumer Credit Counseling Services of Massachusetts (CCCS).

Western Massachusetts Telephone Workers' Credit Union offers first and second mortgages with no points and no application fee. Private Mortgage Insurance is available for members who do not have the 20 percent downpayment, that is required. In addition, the credit union offers a First Time Homebuyer program that features the lowest rate available on loan products.

Minority Application Flow

Western Massachusetts Telephone Workers' Credit Union's assessment area contains 812,322 individuals, 99,482 or 12.3 percent of whom are minorities. The assessment area's minority population is 0.2 percent Native American, 1.2 percent Asian, 4.7 percent Black, 6.1 percent Hispanic, and 0.1 percent Other.

For the period reviewed, the credit union received a total of 28 HMDA reportable applications from various minority groups, representing 5.2 percent of all applications received from within its assessment area. The 2000 HMDA aggregate data indicated 11.1 percent of all the residential applications from within the assessment area were from minority applicants. The 2001 HMDA aggregate data reflects 9.1 percent of all the residential applications were from minority applicants.

Refer to the following.

Minority Application Flow										
RACE	Agg. Data (% of #) 2000	2000		Agg. Data (% of #) 2001	2001		2002*		Total	
		#	%		#	%	#	%	#	%
Native American	0.2	0	0.0	0.2	1	0.3	0	0.0	1	0.2
Asian	0.7	0	0.0	0.7	2	0.7	1	0.9	3	0.5
Black	4.0	2	1.8	2.8	5	1.7	2	1.7	9	1.7
Hispanic	4.6	3	2.6	3.8	7	2.3	4	3.4	14	2.6
Joint Race	1.1	0	0.0	1.1	0	0.0	0	0.0	0	0.0
Other	0.5	0	0.0	0.5	1	0.3	0	0.0	1	0.2
Total Minority	11.1	5	4.4	9.1	16	5.3	7	6.0	28	5.2
White	53.1	108	95.6	59.5	288	94.7	110	94.0	506	94.8
NA	35.8	0	0.0	31.4	0	0.0	0	0.0	0	0.0
Total	100	113	100	100	304	100	117	100	534	100

Source: HMDA LAR, HMDA Aggregate Data

*Through June 30, 2002.

Although somewhat below aggregate percentages, the credit union's level of attracting minority applicants is considered to be adequate.

In conclusion, Western Massachusetts Telephone Workers' Credit Union's record of implementing its fair lending policies and practices is considered satisfactory

QUALIFIED SERVICES

At management's request, Western Massachusetts Telephone Workers' Credit Union's retail services were reviewed.

Retail Services

As previously indicated in the Performance Context portion of this Public Evaluation, Western Massachusetts Telephone Workers' Credit Union has only one location, which is its main office located on 1976 Main Street in Springfield, Massachusetts. This location falls within a census tract with no income designation. Commercial businesses and commercial properties dominate this one tract, located in the downtown Springfield area. Consequently, the US Census Bureau assigned no income designation to this area. However, contiguous to this one census tract are several low and/or moderate-income census tracts. These tracts, taken as a whole, have been designated by HUD as an Enterprise Community.

Office hours include extended evening hours on Thursday and a drive-up window that opens a half-hour early on weekday mornings. Western Massachusetts Telephone Workers' Credit Union has two Automatic Teller Machines (ATM) at its main office location. One ATM is within the vestibule at the entrance to the main office lobby, and one is located at the drive-up. In addition, the credit union maintains a cash dispensing ATM in American Saw, a local manufacturer.

The credit union offers affordable checking and savings accounts. The NOW checking account requires a \$15.00 minimum to open the account. The balance can be brought down to zero, and no fees or charges are assessed. This account has an \$100.00 minimum daily balance requirement to earn interest, and free basic design checks. In addition, the credit union offers 12 free ATM withdrawals per month at foreign terminals, and unlimited free ATM access at the credit union's terminals. The passbook savings account offers a \$25.00 minimum balance requirement with no fees or charges assessed.

Western Massachusetts Telephone Workers' Credit Union offers its customers a free bank by mail program, in which postage is paid by the credit union, thus allowing the member to complete transactions by mail. The credit union also is a participant in the voluntary check-cashing program and in the public assistance check Direct Deposit program. Additionally, Western Massachusetts Telephone Workers' Credit Union offers, at no cost to its members, American Express® Travelers Checks.

In October 1998, the credit union instituted "MemberLine", a 24 hour, 7-day a week information system accessible from a touch-tone telephone. The "MemberLine" provides rate information

on deposit accounts and loan products, allows the transfer of monies between accounts, and gives access to account balances and transactions made on deposit accounts. In addition, "MemberLine" allows a member to check on the status of a loan application, and will calculate loan payments on a potential loan.

Western Massachusetts Telephone Workers' Credit Union has an Internet web site at www.wmtwcu.com. This service allows members to check account balances, view cleared checks, transfer funds, complete a consumer loan application, review loan and deposit rates, and pay monthly bills free of charge. The credit union's newsletter also appears on this site.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

WESTERN MASSACHUSETTS TELEPHONE WORKERS' CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **OCTOBER 25, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assesment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

